I. Background Information

Over the past decades, successive Vietnamese Governments have acknowledged the challenges of climate change and its harmful impacts on the environment. Economic growth alone is no longer considered the sole objective of development in Vietnam. The focus of development shifted towards a more sustainable and high-quality growth as is reflected in a number of policy documents. In order to implement these policies and to build the necessary capacity to undertake and update research on low-carbon economic development and climate change, the Department of International Development (DFID) of the British Government in association with the Ministry of Investment (MPI) of Vietnam initiated the Study into the Economics of Low Carbon, Climate-Resilient Development in Vietnam with the Central Institute for Economic Management (CIEM) as the main implementing agency. The scoping phase was completed by CIEM, containing a very detailed plan for next two phases. Based on the research results, the World Bank Vietnam in cooperation with DFID Vietnam will support the next two project phases (Input studies phase; and Main study).
II. Project Definition

Input Study phase: The objectives of this phase are: i) to collect and fill the gaps of data, which are used as the input data for the designed models, such as EFFECT model (bottom up approach) and CGE, Land Use, Land Use Change, Forest model (LULUCF), GHG emission from waste (top-down approach) and combine the bottom-up and top-down approach; ii) to start training Vietnamese staff on integrated low-carbon and climate-resilient development economic-planning processes, and training skills for using designed models to evaluate a low-carbon economic and climate-resilient development.

Main Study phase: The general objectives of this phase are to analyze the low-carbon portfolio of Vietnam, and to identify growth patterns and interventions that might help the economy increase its resilience to climate change impacts and reduce its carbon intensity using common economic evaluation methodologies. This phase will be carried out across the short, medium and long term (5-10; 10-20; 20-30 years). Low-carbon interventions would be selected on an integrated approach, on the basis of: i) their emissions reductions potential, ii) their low net financial and economic costs iii) their social and political feasibility; iv) their adaptive capacity to climate change. In this phase, the study will also assess the impacts from different scenarios of low-carbon development within the National Target Program on Climate Change (NTPCC) and those of low-carbon development on macroeconomic indicators such as investment, GDP, employment, and income distribution.

III. Outcome/Impact

Expected outputs of this study phase are: i) A portfolio of low-carbon interventions by key sectors, ii) economic, carbon emissions and climate-resilient models and policy recommendations to the Government based on macroeconomic impacts of each policy option.

IV. References

CIEM, 2011 “Study into the Economics of Low Carbon, Climate-Resilient Development in Vietnam – scoping phase”